

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re

LEHMAN BROTHERS HOLDINGS INC., et al.,

Debtors.

[illegible]

Chapter 11 Case No.

08-13555 (JMP)

(Jointly Administered)

**ORDER GRANTING THE DEBTORS' APPLICATION
PURSUANT TO SECTIONS 327(a) and 328(a) OF THE BANKRUPTCY
CODE TO RETAIN AND EMPLOY ERNST & YOUNG LLP AS AUDITORS AND
TAX SERVICES PROVIDER *NUNC PRO TUNC* TO THE COMMENCEMENT DATE**

Upon the Application, dated December 31, 2008 (the “Application”),¹ of Lehman Brothers Holdings Inc. (“LBHI”) and its affiliated debtors in the above-referenced chapter 11 cases, as debtors and debtors-in-possession (collectively, the “Debtors” and, together with their non-debtor affiliates, “Lehman”), pursuant to sections 372(a) and 328(a) of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”), for authority to retain and employ Ernst & Young LLP (“E&Y LLP”) as auditors and tax services provider, *nunc pro tunc* to the Commencement Date, as more fully set forth in the Application; and upon consideration of the Affidavit of William Schlich, Esq., a partner of E&Y LLP, sworn to December 30, 2008, filed in support of the Application, a copy of which is attached to the Application as Exhibit 1; and the Court being satisfied, based on the representations made in the Application and the Schlich Affidavit, that E&Y LLP represents or holds no interest adverse to the Debtors or their estates and is disinterested under section 101(14) of the Bankruptcy Code; and the Court having jurisdiction to consider the Application and the relief requested therein in accordance with 28

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Application.

U.S.C. §§ 157 and 1334 and the Standing Order M-61 Referring to Bankruptcy Judges for the Southern District of New York Any and All Proceedings Under Title 11, dated July 10, 1984 (Ward, Acting C.J.); and consideration of the Application and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Application having been provided in accordance with the procedures set forth in the order entered September 22, 2008 governing case management and administrative procedures [Docket No. 285] to (i) the United States Trustee for the Southern District of New York; (ii) the attorneys for the Official Committee of Unsecured Creditors; (iii) the Securities and Exchange Commission; (iv) the Internal Revenue Service; (v) the United States Attorney for the Southern District of New York; and (vi) all parties who have requested notice in these chapter 11 cases, and it appearing that no other or further notice need be provided; and the Court having found and determined that the relief sought in the Application is in the best interests of the Debtors, their estates and creditors, and all parties in interest and that the legal and factual bases set forth in the Application establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Application is approved; and it is further

ORDERED that, pursuant to sections 327(a) and 328(a) of the Bankruptcy Code, the Debtors are authorized to retain and employ E&Y LLP as their auditors and tax services provider, *nunc pro tunc* to the Commencement Date, on the terms below and conditions generally described and set forth in the Engagement Letters (as modified by this Order), including without limitation, the provisions described generally in Paragraph 8 of the Schlich Affidavit; and it is further

ORDERED that notwithstanding anything to the contrary contained in Paragraph 9 of the Schlich Affidavit or in the Engagement Letters, the provisions of the Engagement Letters that are attached as Exhibits A-2, A-3, A-4, and A-5 to the Schlich Affidavit are hereby modified to add the phrase “or gross negligence” immediately following the phrase “willful misconduct” where such phrase appears in the paragraph of such Engagement Letters that is entitled “Other Terms;” and it is further

ORDERED that E&Y LLP shall apply for compensation and reimbursement of expenses in accordance with the procedures set forth in sections 330 and 331 of the Bankruptcy Code, applicable Bankruptcy Rules, local rules and orders of the Court, guidelines established by the U.S. Trustee, and such other procedures as may be fixed by order of this Court, including but not limited to the Court’s Amended Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code and Bankruptcy Rule 2016(a) Establishing Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals.

Dated: January 15, 2009
New York, New York

/s/ James M. Peck
UNITED STATES BANKRUPTCY JUDGE